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0000102259

ARIZONA CORPORATION COMMISSION

ORIGINAL

August 7, 2009

CERTIFIED MAIL

Mr. Thomas Grapp
Vernon Valley Water, Inc.
Post Office Box 1270
Show Low, Arizona 85902

RE: VERNON VALLEY WATER, INC. - APPLICATION FOR A RATE INCREASE
DOCKET NO. W-20540A-09-0351

LETTER OF INSUFFICIENCY

Dear Mr. Grapp:

This letter (per section R14-2-103.B.7 of the Arizona Administrative Code) is to inform you that your application, received on July 9, 2009; did not meet the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives the original and 15 copies of the corrected pages.

You have 15 calendar days, or until August 24, 2009 to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If corrections or other arrangements are not made by that date, Staff will request that the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Brendan Aladi. He can be reached at (602) 542-0785, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,

Nancy Scott

Nancy L. Scott
Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

NLS:BCA:tdp

CC: Docket Control Center (fifteen copies)
Connie Walczak, Consumer Services
Delbert Smith, Engineering
Marc Stern, Hearing Division

Arizona Corporation Commission

DOCKETED

SEP - 9 2009

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[Signature]

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

2009 SEP - 9 P 2:51

RECEIVED

**VERNON VALLEY WATER
DOCKET NO. W-20540A-09-0351
FOR THE TEST YEAR ENDED DECEMBER 31, 2008
RATE APPLICATION**

LIST OF DEFICIENCIES

1. For plant additions and retirements (page 13), please provide schedules and invoices for plant additions and retirements by year for all years from the Service Berry Water Company CC&N Decision No. 55145 date of August 7, 1986 to the Vernon Valley Water Company test year ended December 31, 2008.
2. The current and proposed service charges schedule (page 11) does not provide all the service charges. If you do not know the rates, how do you charge for the services?
3. Please provide a copy of the ADOR certificate of compliance letter of good standing.
4. The Company shows a 3/4-inch meter in stock. Is the meter installed? If yes, please provide bill counts.
5. The Company submitted its Vernon Valley Water (PWS Number 01-054) Water Use Data Sheet by Month for test year 2008. This water system reports the gallons pumped was N/A for each month of the 2008. Please provide the data for water pumped for each month of the 2008 or explain in detail why the information was missing from Company's Water Use Data Sheet.
6. How many connections does the Company expect to add each year for the next five years beginning in 2009 for the Company's water system?

PLEASE TREAT THE FOLLOWING AS THE FIRST SET OF DATA REQUESTS:

- JWL 1.1 Please provide a copy of the Arizona Department of Water Resources ("ADWR") Water Provider Compliance Status Report for Company's water system.
- JWL 1.2 Please provide a copy of an update Arizona Department of Environmental Quality ("ADEQ") Compliance Status Report for Company's water system.
- BCA 1.3 Please provide an electronic copy in excel of the Company's general ledger for the Test Year, including all transactions showing beginning and ending balances. Provide a legend to explain symbols, abbreviations, codes, and other markings that would be helpful in interpreting the general ledger.